

Proposed by:
Tenn. W. Am.,
2430 Caffery St
Hernando, MS 38601
601-429-7820

SEWER SYSTEM SALE AND TRANSFER AGREEMENT

This Sewer System Sale and Transfer Agreement is made and entered into by and between NORTH MISSISSIPPI UTILITY COMPANY, a Mississippi Corporation, herein called "Purchaser", and SHELBY GROUP REALTY, LLC, a Tennessee Limited Liability Company, herein called "Seller".

WITNESSETH:

WHEREAS, Purchaser is a corporation organized and existing under the laws of the State of Mississippi and is operating a public utility company in North Mississippi providing water and sewer services to its customers in its certificated areas in accordance with the Rules and Regulations of and laws regulating the Mississippi Public Service Commission;

WHEREAS, Purchaser has acquired a certificate of public convenience and necessity to render sewer service to customers within the area referred to hereinafter;

WHEREAS, Seller is the developer of a subdivision of property located in DeSoto County, Mississippi, known as Summer's Place, a 77.48 acre residential development in Section 12, Township 2, Range 7 West, DeSoto County, Mississippi;

WHEREAS, Seller has installed and is installing individual sewer treatment plants in accordance with specifications on file with the Mississippi Public Service Commission, with necessary and required lagoons and/or wet lands, sewer lines and related

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equipment for use by individual lot owners of said subdivision, herein called "System".

WHEREAS, Seller desires to sell and transfer to Purchaser and Purchaser desires to purchase from Seller the System on the terms and conditions as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises, the sum of Ten Dollars (\$10.00), cash in hand paid by each of the parties to the other, and other good and valuable considerations, the receipt and sufficiency of all of which is hereby acknowledged, Purchaser and Seller agree as follows:

I.

A. Seller agrees to sell and transfer to Purchaser and Purchaser agrees to purchase and accept from Seller the System for the sum of Ten Dollars (\$10.00), cash in hand paid, the receipt of which is hereby acknowledged.

B. Both Purchaser and Seller understand and agree that upon the sale and transfer of each lot within Summer's Place Subdivision referred to herein, Seller will pay to Purchaser the sum of Three Thousand and 00/100 Dollars (\$3,000.00) whether or not the owner of the lot purchased intends to build a house on the purchased lot or not unless there is an express contract or agreement to the contrary. It is also understood that the Seller shall not be obligated to pay for Lots 26, 28 and 29 and that the Purchaser is

not obligated to provide sewer services to those lots without further payment by the lot owner. The parties understand and further agree that Seller may have sold or transferred lots out of said subdivision prior to the date of this agreement and may not have paid the cost of the individual treatment plant for each lot to Purchaser. Upon the execution of this contract, Seller shall pay to Purchaser all sums owing for any such individual treatment plants for lots which have heretofore been sold.

C. Purchaser shall be responsible for the installation and maintenance of each individual treatment plant, maintenance of sewer lines, lagoons, wet lands, and all other related equipment, and activities related to the sewer service, from and after installation of each individual treatment plant.

D. The owner of any lot within said subdivision upon purchase or transfer from Seller shall not be responsible for payment of the cost of purchase and/or installation of the individual treatment plant for the lot purchased other than any amounts which may be included in the purchase price of the lot which may have been attributed to the cost and installation of such individual treatment plant. That excepted from this provision are Lots 26, 28 and 29 as well as any future agreements between the Seller and lot purchaser.

E. Seller shall, upon sale of each lot as set forth herein,

immediately notify Purchaser of the names and addresses of each purchaser or owner thereof, and further, shall deliver payment for the individual treatment plant to Purchaser in an amount equal to the then purchase price of the individual treatment plant.

F. It is further understood and agreed that, in addition to paying the Purchaser for the cost of each individual treatment plant as set forth hereinabove, Seller shall pay Purchaser upon execution of this Agreement, the sum of \$7,500.00. The purpose of this payment is so that Purchaser may have available sufficient spare individual treatment plants or components thereof as has been suggested and/or required by the Mississippi Public Service Commission, Department of Environmental Quality, or some other governmental agency involved in approval of the System.

II.

Upon receipt of payment for each individual treatment plant, including payment for spare treatment plants, Purchaser shall deposit said funds into an escrow account under Purchaser's exclusive control. The escrow account shall be an interest bearing account and shall be used to provide the funds for Purchaser to pay for the purchase of each of the individual treatment plants referred to herein, except for those individual treatment plants previously paid for by Purchaser.

III.

Purchaser shall be responsible for the usually and customary business operations of the sewer services rendered within the certificated area which serves Summer's Place Subdivision, DeSoto County, Mississippi.

IV.

A. Seller shall deliver to Purchaser a certificate of good standing or comparable document from the Secretary of State of the State of Mississippi evidencing that Seller is a validly existing corporation in good standing with the State of Mississippi; and

B. Adopt and tender to Purchaser appropriate resolutions authorizing and approving this sale.

V.

Seller hereby grants to Purchaser all reasonable and necessary easements for purposes of access to the individual treatment plants, lagoons, and wet lands for said subdivision and the lots contained therein.

VI.

An original executed copy of this Agreement shall be recorded in the office of the Chancery Clerk of DeSoto County, Mississippi. From and after the recording of this Agreement, the cost of each individual treatment plant shall constitute a lien against each lot in the subdivision not heretofore sold until the Seller delivers

payment of the cost of such individual treatment plant to Purchaser. Upon receipt of payment, Purchaser shall execute any documents necessary to release the lien referred to herein and shall pay all costs of recording the same. Also, upon receipt of payment for each lot, Purchaser shall execute a "Purchaser's Certificate" in such form and content as approved by the parties hereto. Further, the lien granted to Purchaser referred to in this contract shall be subordinate to any existing indebtedness given by Seller to any lending institution for development costs involved in the development of Summer's Place Subdivision located in DeSoto County, Mississippi, more particularly described on Exhibit "A" attached hereto and made a part hereof verbatim.

VII.

This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

SIGNED AND EXECUTED in duplicate as of the day and year next to our respective signatures.

NORTH MISSISSIPPI UTILITY
COMPANY, (Purchaser)

BY:

Bill Roberson
Bill Roberson,
President

Date:

June 12, 1996

SHELBY REALTY, LLC
(Seller)

BY:

Alan McNeil
Alan McNeil
Vice-President

Date:

JUNE 12, 1996

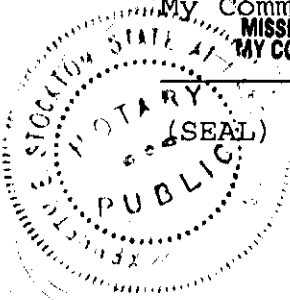
STATE OF MISSISSIPPI
COUNTY OF DESOTO

Personally appeared before me, the undersigned authority in and for the said county and state, on this the 12th day of June, 1996, within my jurisdiction, the within named BILL ROBERSON, who acknowledged that he is PRESIDENT of NORTH MISSISSIPPI UTILTIY COMPANY, a Mississippi Corporation, and that for and on behalf of the said corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.




NOTARY PUBLIC

My Commission Expires:
MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES SEPT. 24, 1999



STATE OF MISSISSIPPI
COUNTY OF DESOTO

Personally appeared before me, the undersigned authority in and for the said county and state, on this the 12th day of June, 1996, within my jurisdiction, the within named ALAN MCNEIL, who acknowledged that he is VICE-PRESIDENT of SHELBY GROUP REALTY, LLC, a Tennessee Limited Liability Company, and that for and on behalf of the said corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.



NOTARY PUBLIC

My Commission Expires:
MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES SEPT. 24, 1999

(SEAL)

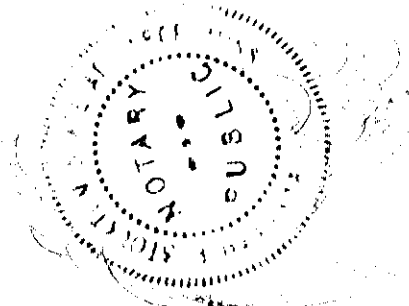


EXHIBIT "A"

The following are the remaining lots in Summers' Place Subdivision as recorded in Plat Book 44, Page 21, in the Office of the Chancery Clerk of DeSoto County, Mississippi, and which lots are still owned by the developer.

The lot numbers are as follows:

1, 6, 8, 9, 11, 19, 20, 21, 22, 23,
43, 45, 46, and 50.